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RUEHFR/AMEMBASSY PARIS 3986  
RUEHRO/AMEMBASSY ROME 1419  
RUEHMD/AMEMBASSY MADRID 5340  
RUEHLO/AMEMBASSY LONDON 2767  
RUEATRS/DEPTTREAS WASHDC  
RUCPDOG/USDOC WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEHRC/USDA FAS WASHDC 0846  
RUEAORC/USCBP WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC  
RUEHLMC/MILLENNIUM CHALLENGE CORPORATION WASHINGTON DC  
RHMCSUU/DEPT OF ENERGY WASHINGTON DC  
RUEAEPA/HQ EPA WASHINGTON DC

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STATE PASS USTR FOR DOUG BELL  
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PARIS FOR ZEYA  
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E.O. 12958: N/A

TAGS: [ECON](#) [ELAB](#) [ENRG](#) [KIPR](#) [SENV](#) [MO](#)

SUBJECT: MOROCCO ECONOMIC HIGHLIGHTS

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Government Raises Fuel Prices  
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1. The Government of Morocco (GOM) raised prices on some fuel products on Feb. 9 in a bid to relieve pressure high international oil prices are putting on the state's subsidy mechanism. Premium grade gasoline rose by 1.5 percent to \$1.17 per liter and diesel fuel rose by 12 percent to \$1.03 per liter. The government raised prices twice in 2005, as oil imports for the year were 65 percent higher than in 2004.

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GOM Puts Joblessness at 11.5 Percent  
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2. The GOM's High Planning Commission (HCP) announced that unemployment rose by 1.1 percent in the fourth quarter of 2005 compared to one year earlier, reaching 11.5 percent. Urban unemployment at the end of 2005 stood at 19.4 percent, up from 18 percent one year earlier, and rural unemployment was 3.6 percent, up from 2.5 at the end of 2004. The GOM estimates the jobless figure for urban educated youth in their twenties at around 26 percent, while labor union sources in Casablanca estimate the rate to be around double the overall urban unemployment rate, or around 39 percent. Meanwhile, the number of economically active people grew by 3.9 percent in 2005 to over 11 million.

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GOM Takes on Public Service Reform  
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¶3. Over 38,000 of Morocco's 540,000 civil servants have accepted the GOM's offer to retire early in exchange for generous severance packages, part of the GOM's public service downsizing campaign. The Ministry of Public Sector Modernization has also altered work hours to reduce traffic and make public services more accessible. Additional reforms include competitive exams for hiring, overhaul of the promotions policy, and development of more in-house training. Morocco spends almost 13 percent of GDP on public service wages, which have increased 7.8 percent per year over the last eight years, roughly twice the economic growth rate. Reforms are designed to address widely held criticisms of the public service, including excessive centralization of decision-making, lack accountability among management, rigid and lengthy procedures and arbitrary implementation of regulations.

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2005 Growth of 1.6 Percent  
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¶4. Morocco's GDP growth for 2005 was in the range of 1.6 percent, significantly short of the government's target of three percent. Non-agricultural GDP grew by 4.7 percent. Overall growth was pulled down by poor performance in the agricultural sector, which typically accounts for around 15 percent of GDP. According to the Ministry of Agriculture, the 2005 cereal crop was down 57 percent from 2004 and 35 percent from the 1999-2004 average, due to both adverse weather conditions and a locust attack. The mining and

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energy sectors grew by 5.7 percent thanks to the good performance of phosphates.

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Patent Applications Hit Record High  
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¶5. The Moroccan Patent and Trademark Office (OMPIC) received 660 patent applications in 2005, an 18 percent increase over 2004 and a new record. Twenty percent of these applications were filed by Moroccans. OMPIC received over 6,000 requests for trademark registration in 2005, again 18 percent higher than in 2004 and also a new record. Nearly 80 percent of trademark applications were made by Moroccan firms.

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FTA Website Attracts 1.8 Million Hits  
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¶6. A website for the U.S.-Morocco Free Trade Agreement hosted by the American Chamber of Commerce in Casablanca and financed with BFIF funds attracted 1.8 million hits in 2005. Fifty-seven percent of the site's 35,000 individual visitors were from the United States and 31 percent from Morocco.

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New Wind Power Project in Tangier  
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¶7. Five companies, including General Electric, have been pre-qualified to submit bids to build a 90 megawatt (MW) wind-power farm near the northern city of Tangier. The 90 MW capacity will be added to an existing 50 MW, turning the Tangier site into the largest wind-power park on the African continent. The \$220 million investment will avoid the emission of 470,000 tons of carbon dioxide each year, and will save 120,000 tons of fuel. The GOM also plans to create a 60 MW wind farm near the southern coastal city of Essaouira.